

## **Information Services Board Meeting Minutes**

Department of Information Services Boardroom, The Forum Building  
Olympia, Washington  
February 16, 2000

### ***Members Present:***

Emilio Cantu  
Joe Dear  
Earl Heister  
Steve Kolodney  
Ed Lazowska  
Mary McQueen  
Marsha Tadano Long

### ***Others Present:***

Paul Taylor

### ***Members Absent:***

Lisa Brown  
William Finkbeiner  
Tom Fitzsimmons  
Jayasri Guha  
Bill Jordan  
Renee Radcliff  
Cathy Wolfe

### **Call to Order**

Mr. Joe Dear, Information Services Board (ISB) Chair, called the meeting to order.

### **Roll Call**

Insufficient members were present to constitute a quorum.

### **Approval of Minutes**

Minutes from the July 28, 1999, October 20, 1999 and December 10, 1999 meetings were provided, but the motion to approve was deferred until enough members were present to constitute a quorum.

### **Digital Government Plan**

At the request of Board members, Mr. Paul Taylor, Chief of Staff, Information Services Board (ISB), introduced some of the members of the Year 2000 project team. He asked Mr. John Saunders, Department of Information Services (DIS), Mr. Thomas Bynum, Employment Security Department (ESD), Ms. Julie Boyer, General Administration (GA), Mr. Stan Ditterline, DIS, Ms. Carolyn Barkley, Department of Corrections, (DOC), and Ms. Kathy Rosmond, Department of Social and Health Services (DSHS) to come forward.

Senator Emilio Cantu, Mr. Earl Heister and Mr. Steve Kolodney recognized the extensive work of the Year 2000 project team and congratulated them on meeting the goal of no disruption of vital public service set by the administration five years earlier.

Mr. Taylor said resources dedicated to the Year 2000 efforts would be redirected to improve services to the public. He said the first release of the Digital Government Plan was released on February 7, 2000. The plan presents a framework for the transformation of government services to the citizen through the Internet. He explained the expectations of the citizens are changing because of the fact that electronic commerce (e-commerce) - doing business over the Internet, has created a .com economy. The government will be expected to follow the private sector by providing electronic government, while recognizing government must be available to all citizens.

Mr. Taylor presented a business model that demonstrated the range of applications and digital government services from simple to complex, stating there are many opportunities to create efficient business services that do not require the more rigorous and costly security architecture. The simpler applications can be developed quickly and may standalone or be shared by creating templates that can be reused for other services. On the complex side of the model, applications that protect sensitive information or require a stronger method of authenticating the user would require such technologies as encryption, digital signature, Public Key Infrastructure, or a Certification Authority. The greatest opportunity for high volume application development is on the simple side of the model.

Mr. Taylor explained that DIS has established the Digital Academy as a place for learning and collaborative innovation among agencies that choose to participate. The academy would serve to accelerate and synchronize the development of the simpler applications without a duplication of effort. He said a template for an application, such as a permit, could be designed once and then replicated across a broad range of agencies that issue permits in the traditional manner.

The Digital Academy's first class would develop the permit template. Approximately 17 students from eight agencies would be enrolled. Members of the ISB expressed their approval and endorsement to the establishment of the Digital Academy.

**Department of Licensing  
(DOL) Internet Payment  
Options Project**

Mr. Andy Marcelia, Senior Technology Management Consultant, DIS, introduced Mr. Fred Stephens, Director, Department of Licensing (DOL) to present a status report on the Internet Payment Options Project that would deliver services over the Internet. It would allow citizens to renew motor vehicle licenses, apply for an initial master business license and renew corporate registrations, any day, any time, from their personal computer.

Mr. Stephens said when DOL presented to the ISB at the December 10, 1999 meeting, it was evaluating six responses to a Request for Proposals (RFP) it issued to contract with a vendor to develop the Internet payment applications. DOL named Puget Sound Systems Group as the apparent successful vendor. He said that because of the voter approval of Initiative 695, the agency fund balances would be severely impacted, compelling them to reduce the cost of both the project and doing business.

Since its last appearance before the Board, DOL decided to develop a single, direct Internet interface for its services, allowing the agency to recover the \$3 transaction fee to fund the ongoing costs of the project. The agency would add the convenience of credit card payment to their current payment options of cash or check and absorb the credit card transaction fee and use mail to deliver the licenses to the citizen.

Mr. Stephens asked Mr. Larry Dzieza, DOL Budget Director, to present the analysis of the total cost of ownership for the project. Mr. Dzieza said they broke the costs for vehicle renewals into three sections: development costs, operation costs, and transaction costs. He said the \$3 filing fee DOL received when it completed a renewal would cover the cost per transaction, exclusive of the development costs. First year costs would be \$2.79 per transaction and for the next three years would be about \$2.63.

DOL expected to increase the percentage of renewals by mail, making it possible for them to receive some of the funds currently paid in transaction fees to counties and the sub-agents. Seventy-five percent of renewals were by county auditors and private sector sub-agents. Sub-agents collected an additional \$3 fee. Using the Internet to renew instead of a sub-agent would save the citizen the second \$3 fee.

Senator Cantu said he did not think this plan was fair to the sub-agents who have invested in facilities and staff to perform the licensing services for the \$3 fee. He said this approach was not the one he approved and if he were asked to approve this project under the new approach, he would vote against it.

Mr. Dear said this would be a classic case of the Internet disintermediating an actor in the system. The question the state would face is whether to pay people \$3 when there is no business activity. Unlike the private sector where the choice is business driven, this would be a public policy choice. It would affect people's real incomes, real businesses, but the technology makes that step unnecessary.

Mr. Stephens estimated approximately 66,000 new renewals for Master Business License and Corporate License renewals will be filed online by 2005. They expected the system will make it easier to start a business in Washington State while setting a foundation for future opportunities for additional services.

Senator Cantu expressed dissatisfaction in the business case presented, because the cost and benefits of acquiring the systems were not adequately demonstrated.

Mr. Heister suggested that DOL begin to document the benefits that would be realized when additional potential services could be offered as a result of this business transformation. Presenting that information to the ISB could result in increased confidence in the DOL efforts.

Mr. Dear noted the Secretary of State is extremely complimentary about the work of DOL and asked DOL to prepare and provide the ISB additional detail background on the business case for the Internet Payment Options Project.

**Department of Fish and  
Wildlife Washington  
Interactive Licensing and  
Database Project (WILD)**

Mr. David Koch, Senior Technology Management Consultant, DIS, introduced Dr. Jeff Koenings, Director, Department of Fish and Wildlife to request approval of the ISB for the WILD project.

Dr. Koenings said his agency came to the ISB last year to seek approval for a recreational license system using Smart Card technology to automate the process for acquiring hunting and fishing licenses.

The ISB recommended that they research other solutions and come back to the ISB before signing a contract. Dr. Koenings said the agency decided to broaden its approach to selling licenses by including both Internet and telephone sales options. The agency also verified with the Legislature that it had the authority to charge a transaction fee to pay for the system.

Dr. Koenings introduced Mr. Bruce Crawford, License Manager, to present the project in more detail. Mr. Crawford said the department issued a new RFP for a single system that would offer point of sale, Internet, and telephone sales options. He said they wanted to simplify the system and make it cost-effective while solving some of the problems associated with improving accounting accuracy and revenue collections. The system would help them analyze license and harvest information to assist in forecasting fish and wildlife abundance and improving enforcement.

Mr. Crawford said a new system would result in faster transactions and improved customer service. With the new system, the department would be able to reduce the number of different licenses from 33 to 4. The new system would reduce the collections deposit and posting period from monthly to weekly. The 1999 Legislature authorized the department's authority to collect a 10 percent transaction fee. The cost per transaction would increase from \$3.28 to \$4.15, including the transaction fee.

The apparent successful bidder in the RFP was MCI Worldcom Communications. The contract period will be from February 2000 until June 2006. The vendor will build the system by the end of the year and enact a pilot in each of the agency's six regional offices -- Vancouver, Spokane, Mill Creek, Montesano, Yakima, Olympia -- plus Wenatchee. Testing will be done to ensure full functionality and maximum load capability. After de-bugging, they will extend the pilot to some of the local stores.

Mr. Crawford explained they have not yet determined their approach to the statewide implementation. They will decide whether to implement by geographic area or by sales volume, bringing up the larger stores first. November 15, 2000 is the go, no go, date and the department plans to have all 700 license dealers online by March 2001, prior to the new license year,

which begins April 1.

With the new Internet system, a consumer would see a menu and could select the type of license(s) to purchase. There would be a central database that would be checked to see what license privileges the consumer had already purchased and authorize issuing the license. The license(s) would be issued and the database updated to include the sale.

The telephone system would be operated by a subcontractor of MCI, Bass Pro in Atlanta, Georgia. They operate 24 hours a day and employ about 200 operators to handle the requests for licenses. They accept credit card payments. They would mail the licenses and the central database would be updated to reflect the sale.

Mr. Crawford said some licenses require a transport tag made of a durable material such as Tyvek, but in most cases a license could be issued by giving an authorization code to the license applicant at the time of sale. The consumer could also print out a license on their printer, if the extra durable tag is not needed.

Ms. Mary McQueen asked if the dealers would be required to make any capital investments to participate and Mr. Crawford replied the only investment would be a dedicated phone line.

Mr. Crawford confirmed they were contracting for a service and not buying any equipment or software, and the costs for the service would be paid by the consumer. Ms. Marsha Tadano Long asked if the whole license system would interface with their accounting system and meet the state's accounting requirements. Mr. Crawford said they have been working with the State Treasurer and the State Auditor to ensure the telephone, Internet, and point of sale systems are fully accountable. Mr. Crawford said the Fish and Wildlife Commission would adjust the transaction fee from 10 percent to the MCI cost of 9.5 percent at its April 2000 meeting.

Mr. Dear asked if the database was structured so the vendor of the system or others could have access to any consumer information without the express permission of the Department of Fish and Wildlife. Mr. Crawford said there is a large penalty for disclosing information about the consumer. He said the data cannot be used for any other purpose and

the agency would retain a replicated database at the agency.

Dr. Ed Lazowska asked staff to research the pros and cons of outsourcing state data to a third party, versus wanting to retain the data inside the agency and make a presentation at a subsequent meeting. Mr. Taylor agreed to respond and said systems such as the State Patrol's AFIS21 Fingerprint System, General Administration's procurement system, and the Department of Licensing tab renewal system reflect decisions by the respective agencies to keep the data at the agency.

Mr. Kolodney said he was glad the project was modified to include Internet and voice response and that there would be multiple ways to distribute the licenses to citizens.

Mr. Taylor said a review of the verbatim minutes from previous ISB meetings confirm the ISB approved the WILD project at the full Board meeting on January 27, 1999. The Board asked the agency to report back on the contract negotiations and if there were concerns with respect to the WILD project, the Board could take exception to that vote. Save that Fish and Wildlife had met its responsibilities to the Board it could proceed with the contract signing.

Mr. Dear asked if there were concerns and there were none raised. The January 27, 1999 approval allows Fish and Wildlife to sign the contract without further approval.

**Department of Health (DOH)  
Licensing and Enforcement  
Automation Project (LEAP)  
status report**

Mr. Marcelia introduced Secretary, Ms. Mary Selecky, Department of Health (DOH) to present a project status report on the Licensing and Enforcement Automation Project (LEAP). He said the ISB approved a project request in November of 1998 to acquire the License 2000 system from System Automation Corporation (SAC) located in Silver Springs, Maryland. DOH has been working to address concerns raised by the ISB about ownership of and access to the source code and modifications. At that time, the Board also asked about licenses to underlying software, their costs, and compatibility to the agency infrastructure. DOH has been addressing these concerns through contract negotiations.

Ms. Selecky acknowledged the delay in contract negotiations with SAC and said her agency

recognized the need for more intense executive leadership. She engaged a new Deputy, Ms. Nancy Ellison, to work with her and Assistant Secretary Mr. Ron Weaver, to provide that leadership. She introduced the recently appointed DOH Chief Technology Information Officer, Mr. Gary Schricker, to give an update.

Mr. Schricker said DOH retained Mr. Rich Wyde as its special assistant attorney general to assist in preparing contract language, including a liquidated damage clause, and to assist with contract negotiations. The agency contracted with Sterling Associates to provide external quality assurance for the project. He said 19 states are using License 2000. The software has been modified to address some of the deficiencies previously identified. Phase 2 would provide a web-enabled licensing process. DOH revised the project strategy to reflect the changes and downsized the scope to go into production with a commercial off the shelf systems instead of a custom built one, greatly mitigating risks associated with the earlier project. Cost savings of \$800,000 would result from a \$500,000 reduction in modification costs and \$300,000 in data conversion costs.

The contract was sent to SAC on January 19, 2000. The contract included substantial liquidated damages provisions, including holding the source code in escrow to protect the state's interest. Clauses addressing bankruptcy and software compatibility were also reflected in the contract.

Ms. McQueen asked if the 137 percent growth in SAC business would affect the resources of SAC needed to respond to DOH requirements and schedule for LEAP. Mr. Weaver said SAC has a commitment to do business at the national level and it was indicated there would be an interest in establishing a national users group to ensure that SAC can meet the demands resulting from the increased use of License 2000 nationally. Acceptance testing requirements will be met prior to implementation to minimize risk and the amount of vendor support needed. Future enhancements and modifications will be done by the state. There may be opportunities to integrate with other state agencies where there would be common core business functions.

Senator Cantu said he was concerned with the length



of time used to negotiate the contract. He asked what DOH has done to address the platform issues raised by Sterling in an external quality assurance report. Mr. Schricker said they have done an aggressive analysis of the platform and determined to meet the future requirements of systems like the drinking water program, they would use Oracle. They are working on taking an enterprise-wide approach with their projects.

Mr. Kolodney asked, with the new plan in place, about the likelihood of bringing the negotiation to closure. Mr. Schricker said they should get a response from SAC within the next couple of weeks and have a better sense of the length of time required to get to a signed agreement within a couple of months.

Ms. Selecky provided an update on the drinking water project, stating that the agency had not finished its business area analysis and are working with DIS on a revised project schedule. She also said the Women, Infants and Children Client Information Management System (WIC/CIMS) was providing 147,000 checks monthly for mothers and children and was a success story for the work of the department, DIS and the ISB.

**Washington State Patrol  
(WSP) Collision and Analysis  
Record System(CARS) Status  
Report**

Ms. Lourdes Collins, Senior Technology Management Consultant, DIS, introduced Chief Annette Sandberg, Washington State Patrol (WSP) to present the project plan for the Collision Analysis Record System (CARS).

Chief Sandberg said CARS was a refinement project with two phases. CARS replaced the Collision Reporting and Statistical History (CRASH) project. She said the first phase would determine what worked in CRASH and take those and create a manual work around. The parts that work are image scanning, optical character recognition, verification and error corrections. The analysis portion would require the manual data entry that integrates the data and analysis with the individual image.

The ISB asked about staffing requirements. The Chief said she did not know exactly what the staffing needs would be, but if the goal is to provide better services and information to a variety of stakeholders, it did not necessarily mean the Patrol could get by with fewer staff.

She said the only reports the Patrol is collecting and

able to disseminate are the officer reports. The agency microfilms individual citizen reports and gives those to citizens or insurance companies, but citizen report information is not tied to the officer reports. Given the technology and what the Patrol currently has after the IKON contract was severed, the Patrol will not have the following functionality -- the ability to match citizens with officer reports, code county road locations, supplemental reporting and officer report correction.

By March 1, they would begin testing and anticipate accepting the process around March 8, 2000. They would then begin entering the 2000 data using existing staff and funds. The CARS project would not address the backlog from 1997-1999 unless they got additional funding.

The ISB asked how much money had been paid to the vendor and the status of litigation with IKON. The Chief said the Patrol has used three vendors, and has paid about \$700,000 as portions of the project were delivered. Because the Patrol subsequently discovered Year 2000 problems, under the terms of the original agreement with IKON, the Patrol contends that the vendor is liable for three times the total purchase price under the liquidated damages clause - that amount would be \$2.25 million. She said the Patrol has not initiated litigation.

Mr. Kolodney asked about the future direction once the Patrol was able to keep this year's data current. The Chief said they would work to get the information to key users at the Department of Licensing, Transportation, and county and city road engineers.

Chief Sandberg also reported the Automated Fingerprint Information System (AFIS) was complete. As a policy matter, she said that keeping the fingerprint system in state proved to be a good approach considering the progression of the Justice Information Network as a whole. WSP has a proposal before the Legislature to tie the criminal information and fingerprint systems together.

Senator Cantu asked if they would have the capability to provide timely identification of criminals to make communities safer. She said when the two databases, fingerprints and criminal information, are tied together it would provide instantaneous identification of criminals.

**General Administration (GA)  
Information Technology  
Services Contract**

Mr. Dear excused himself and requested Mr. Kolodney to act as Chairman for the remainder of the meeting.

Mr. Marcelia introduced Ms. Tadano Long, Director, Department of General Administration (GA) to present a quarterly report on the use of their information technology purchased and personal services contract. The ISB approved the pilot last fall with a contingency asking GA to track use of the contracts and provide a quarterly report back to the ISB.

Mr. Taylor said both GA and DIS have asked their respective assistant attorney generals (AAG) to respond to questions about contracting authority for information technology services for state agencies and political subdivisions. Ms. Tadano Long said GA was anxious to get the opinions from the AAG's.

She said that since the October 1999 ISB meeting, 78 vendors have received contracts effective November 18, 1999. Ten state agencies and five political subdivisions would be able to buy from the pre-qualified vendor list. Twelve work orders had been issued. She introduced Mr. Bill Joplin, Manager, GA's Office of State Procurement (OSP) to present the report.

Mr. Joplin said the procurement resulted in savings by streamlining the contracting process and having the first tier of competition for all participants managed by GA. The initial contract defined a maximum cost for the two-year contract. Agencies would write a work order and pre-qualified vendors would bid on the order. The average bid was reduced an average of 18 percent in the second tier of competition for a specific work order. Report cards will be completed by the entities at the completion of a work order to ensure that pre-qualified vendors were actually delivering quality products.

Ms. Tadano Long said there are 13 state agencies and over 20 political subdivisions that did not participate in the first procurement and are asking GA to draft another optional use RFP that they could use to procure services.

She introduced Mr. Doug Tanabe, Assistant Director, Department of Personnel (DOP) who said the contracts have saved time for his managers and technical staff and helped them retain contractors in a short time frame. He has been able to use his FTEs for management and technical duties, instead of the administrative tasks associated with running an acquisition. DOP has been pleased with their experience and will attempt to quantify benefits of using the GA contracts.

Dr. Lazowska said it is important to continue to track the contracts carefully, for more than a couple of months, within the scope of the original arrangement. Mr. Joplin said the original scope included a fixed number of entities-- ten state agencies, and five political subdivisions. Three agencies had issued work orders. Dr. Lazowska asked Mr. Joplin if there were any legal liabilities for capturing and sharing vendor performance information. Mr. Joplin said the information about past performance is widely used and vendors may review their information and protest if they wanted.

Ms. Tadano Long said they would proceed with this contract and evaluate how they could improve processes and capture the benefits. GA will wait until it hears from the Attorney General's Office before moving forward with another contract. GA will provide another report at the April 26, 2000 ISB Meeting.

Dr. Lazowska said he would be interested to see where the attorney general delineates both agency authority and ISB oversight responsibility.

**New Business**

None.

**Adjournment**

The meeting was adjourned.